

## I D C   W O R K B O O K

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# Assessing the Risks of Business Process Downtime

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*As technology spreads throughout business units and departments, its importance increases dramatically. As a result, when IT is down, the business processes that IT enables are down as well. Despite this evolution, enterprises still consider IT downtime to be an IT issue and not a business issue. However, this perspective obscures the real problem: Business process downtime is the source of lost revenue and sales. Enterprises need to start thinking in these terms. Decision makers need to change their thinking from "the server is down" to "the sales force is down." If the server had no effect on the sales force, then it would not be missed. But the server does affect sales, and that is why it is so vital. Various indirect costs of business process downtime should be considered, including lost revenue, damaged reputations in the marketplace, and diminished financials.*

*This IDC Workbook discusses the business implications of downtime and provides a checklist designed to help enterprises assess the risks to business processes that are associated with downtime.*

### Risks of Business Process Downtime

Technology downtime can lead to a cascade of negative effects throughout the organization. These negative effects vary in severity depending on how critical a particular business process is. When a key business process goes down, the probability of lost revenue in the form of missed opportunities, compensatory payments, and lack of communication with the market increases. This lost revenue causes decreased employee productivity. Morale slumps as employees focus on the downtime instead of the task at hand. All of these effects potentially lead to a damaged reputation. As investors, partners, and customers learn about the downtime and its effects, their opinion of the company worsens. Of course, these effects also show up in a company's financial performance, which has a corresponding fallout of its own.

### Ways to Prepare

The quicker that IT decision makers change their line of thinking regarding downtime, the quicker they can optimize support and draw up contingency plans to be prepared if and when downtime occurs. When downtime does occur, IT will be one of many parties within and outside the organization that work together to fix the cause of downtime and live with its fallout. Therefore, downtime is about much more than IT; it is about keeping the business running at the most fundamental level.

The checklist in Table 1 can help decision makers assess the effects that downtime has on business processes.

**Table 1**

**Business Process Downtime: Assessing the Risks**

1. How important is the business process to your organization?	
2. Have the direct financial effects of downtime been calculated?	
3. What are the potential effects of downtime on the organization beyond the direct financial effects?	
4. What systems need to be operating efficiently for a mission-critical business process to operate?	
5. What other business processes do those IT systems support?	
6. Are the IT assets that support the business process supported at the appropriate level?	
7. Do the company and the IT department have a plan in place to deal with downtime when it occurs?	
8. Does the plan include utilizing the services of an external vendor?	
9. How often is downtime contingency planning revised?	
10. Are there other services that could help minimize the risk from business process downtime?	

Source: IDC, 2009

**Recommendations**

Businesses need to start accounting for downtime in terms of business processes rather than IT. The real risk of downtime is not the server being down but the effect of the down server on the various business processes that are supported by that server. In light of virtualization and server consolidation, the workloads on various devices are shifting. These changes need to be incorporated into the appropriate contingency and risk planning within an organization. Given the potentially large costs of downtime, IT decision makers should consider taking the following steps:

- **Change thinking from IT downtime to business process downtime.** This is the preliminary requirement for accurately evaluating the costs of downtime. In many cases, the cost in lost revenue is larger than the cost of repairing any IT device.

- **Evaluate the risks of business process downtime comprehensively.** Think through the potential effects of different business processes being down. When drawing up contingency plans, consider which business processes are higher risk and how interconnected they are to the business as a whole.
- **Plan against downtime with the full weight of its risks.** Maintain and change the organization's support services coverage as necessary. Make sure that there will be support for the most critical business processes when and if it is needed.

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